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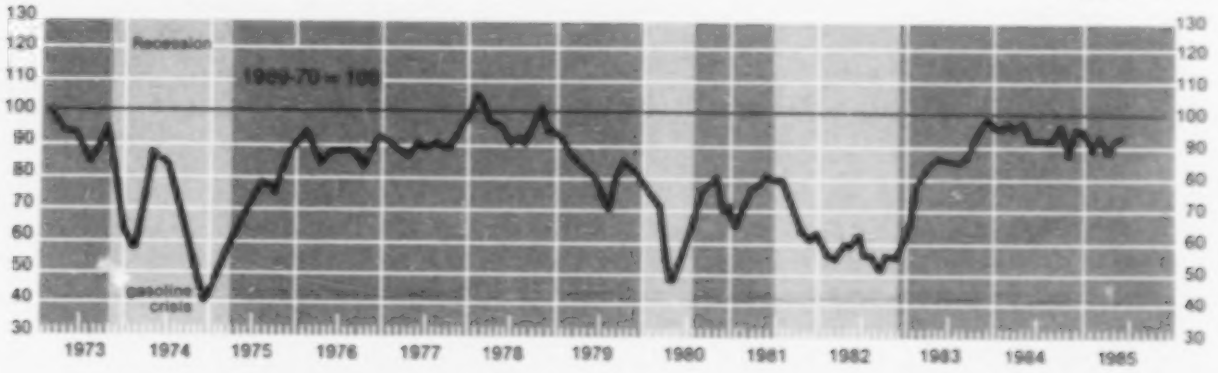
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

August, 1985



CONSUMERS SLIGHTLY MORE CONFIDENT BUYING PLANS DOWN

The measure of consumer confidence registered a modest gain in July. The Conference Board's Index (1969-70 = 100) now stands at 92.4, up about one point from the previous month. Buying plans, however, after registering a good gain in June, are down.

The consumer's assessment of the present situation has not changed very much over the past month. Marginally fewer survey respondents than last time consider business conditions to be good. However, fewer persons complain that jobs are "hard to get."

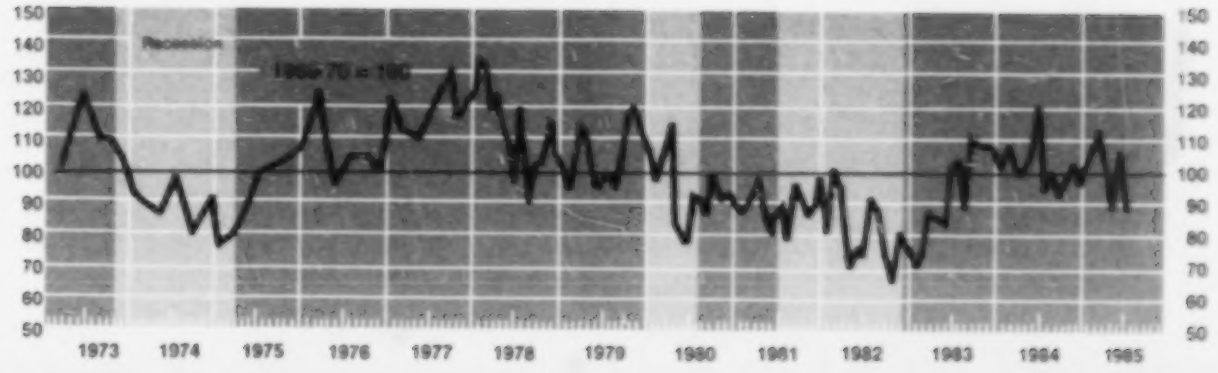
In looking ahead to the next six months, opinion in July was also not very much different from that reported in June. While the proportion of respondents with optimistic expectations remained about the same, there was a small decrease in those with pessimistic views. Fewer fear that general business conditions will worsen, and there is also less concern about future job opportunities. However, in assessing their own financial outlook, fewer persons now believe that their incomes will rise in the months to come.

Plans to buy, which rose smartly in June, were down in July. Intentions to buy automobiles in the next six months dropped to 7.5% of all respondents, a large loss from a prior 8.8 percent. Over the past three months, this series has been running a good deal lower than in the initial quarter of the year. Home buying plans, too, are weaker. Those expressing an interest in acquiring a home in the months ahead fell to 3.1% from 3.5 percent. This series, too, has recently been below the levels seen earlier this year. Interest in buying major appliances is also softer, with 27.7% expressing an intention to purchase, down almost two points from a month earlier.

While the improvement in the consumer's spirits over the past two months is encouraging, it is still less than fully reassuring. The most recent readings do represent a good gain since May, but still consumers are not quite as optimistic as they were in the early months of the year. Based on the long-term experience, the present measure of consumer confidence suggests that economic growth in the months ahead is likely to exceed the uninspiring pace of the first half of the year, but only moderately.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households - 100%

All series seasonally adjusted	1984 July	Aug	Sept	Oct	Nov	Dec	1985 Jan	Feb	Mar	Apr	May	Jun (r)	Jul (p)
Appraisal of Present Situation: Percent													
Business Conditions													
Good	27.0	27.6	28.7	26.9	29.6	25.6	29.4	28.8	28.3	29.5	28.3	29.0	28.3
Bad	19.8	19.9	19.0	19.7	20.1	22.0	19.1	19.6	19.8	18.1	20.3	20.1	19.8
Normal	53.2	52.5	52.3	53.4	50.3	52.4	51.5	51.6	51.9	52.4	51.4	50.9	51.9
Employment													
Jobs plentiful	17.3	18.1	17.7	16.9	19.1	16.5	18.8	17.8	17.7	19.0	19.1	20.3	19.7
Jobs not so plentiful	49.9	49.0	48.3	49.9	47.6	48.5	50.9	49.4	49.1	51.3	48.7	48.2	50.6
Jobs hard to get	32.8	32.9	33.0	33.2	33.1	35.3	30.3	30.8	33.2	29.7	32.2	31.5	29.7
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	22.2	22.8	23.0	24.3	26.1	20.0	22.0	23.7	19.5	19.7	18.3	20.5	20.2
Worse	8.7	9.0	9.5	8.3	8.6	10.2	7.5	7.5	9.6	8.2	9.1	8.7	8.1
Same	69.1	68.2	67.5	67.4	65.3	69.8	70.5	68.8	70.9	72.1	72.6	70.8	71.7
Employment													
More jobs	16.5	16.7	16.2	18.5	19.2	16.4	17.9	17.2	14.3	15.0	13.4	15.2	15.3
Fewer jobs	15.8	15.2	16.0	16.8	13.7	17.2	14.3	13.7	16.7	15.0	16.9	16.0	15.4
Same	67.7	68.1	67.8	64.7	67.1	66.4	67.8	69.1	69.0	70.0	69.7	68.8	69.3
Income													
Increase	29.5	28.2	27.0	29.1	30.9	26.7	28.9	26.1	26.9	26.2	25.6	27.7	26.4
Decrease	7.6	7.5	7.5	8.6	6.8	7.9	8.2	7.7	7.9	7.2	8.2	7.7	7.7
Same	62.9	64.3	65.5	62.3	62.3	65.4	62.9	66.2	65.2	66.6	66.2	64.6	65.9
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.9	8.5	7.0	7.9	8.5	8.1	8.9	9.2	10.1	7.9	7.2	8.8	7.5
New	4.6	4.6	3.6	4.4	4.9	4.6	4.7	4.8	5.3	4.3	4.0	4.8	5.2
Used	2.5	2.8	2.3	2.8	2.7	2.6	2.8	3.1	3.6	2.9	2.5	3.1	2.2
Uncertain	0.7	0.9	1.1	0.7	0.9	0.9	1.4	1.3	1.2	0.7	0.7	0.9	0.1
Home													
Yes	3.0	3.3	3.4	3.3	3.1	2.9	3.2	3.1	3.6	3.7	3.1	3.5	3.1
New	1.0	0.9	1.1	1.1	1.0	1.2	0.9	0.9	0.8	0.9	0.9	1.1	1.2
Lived-in	1.3	1.6	1.6	1.4	1.5	1.2	1.5	1.4	1.6	2.0	1.4	1.6	1.3
Uncertain	0.7	0.8	0.7	0.8	0.8	0.5	0.9	0.8	1.2	0.8	0.8	0.8	0.6
Major appliances													
Total plans	25.3	26.5	25.8	27.2	29.5	27.6	27.1	29.5	28.7	25.9	22.7	29.5	27.7
Refrigerator	4.1	4.0	4.1	3.5	4.5	4.2	3.5	3.8	3.9	3.7	3.2	4.7	4.9
Washing machine	2.8	3.4	3.3	3.3	3.9	3.9	3.7	3.6	3.9	4.3	2.9	3.8	3.6
Black and white TV	0.8	0.7	0.7	0.5	1.0	0.7	0.7	0.9	0.8	0.4	0.4	0.5	0.7
Color TV	6.1	7.7	7.0	7.5	7.8	7.0	7.3	8.1	7.6	7.0	6.4	8.4	7.1
Vacuum Cleaner	5.1	4.0	4.1	5.2	4.7	5.0	5.1	5.3	4.5	4.0	3.3	4.8	4.1
Range	2.3	2.6	2.9	2.3	2.9	2.5	2.3	2.9	2.6	2.0	2.3	2.8	2.8
Clothes dryer	2.7	3.0	2.5	3.4	3.2	2.9	3.2	3.4	3.2	3.0	2.6	3.0	3.1
Air conditioner	1.4	1.1	1.2	1.5	1.5	1.6	1.3	1.8	2.2	1.5	1.6	1.5	1.4
Carpet	6.2	6.9	6.3	6.9	7.4	7.0	5.8	7.8	7.0	7.1	5.9	7.5	6.7
Vacation Intended Within Six Months: Percent													
Vacation Intended		49.0		48.5		45.1		48.9		48.9		50.3	
Destination													
Home state		9.5		10.5		7.2		9.6		9.3		9.7	
Other state		33.7		33.6		31.6		33.7		33.8		35.2	
Foreign country		7.5		6.3		6.8		7.1		8.2		6.9	
Means of Travel													
Automobile		31.3		30.3		28.5		29.6		30.1		32.1	
Airplane		17.3		17.3		17.9		19.3		20.0		19.4	
Other		4.6		3.5		3.7		4.6		5.7		4.3	

(p)—preliminary (r)—revised

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters at (212) 759-0900.